



Dean K. Matsuura
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December 17, 2008

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, First Floor
465 South King Street
Honolulu, Hawaii 96813

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PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2008-0083
HECO 2009 Test Year Rate Case
Rate Case Updates – Set #8

Enclosed is the eighth set of updates to Hawaiian Electric Company, Inc.'s ("HECO") 2009 test year estimates reflected in the Application, Direct Testimonies, Exhibits, and Workpapers filed with the Commission on July 3, 2008. This set includes updates to the following:

- HECO T-15 – Faye Chiogioji (revised pages)
- HECO T-18 – Darren Doi

The revised pages for the T-15 Update (page 15 of the update and pages 1, 2, 3, 7, and 9 of Attachment 6) correct a typographical error in the original update filed December 12, 2008. The term "PSOM" (Power Supply Operations and Maintenance) on these pages is replaced with the correct term, "PS" (Power Supply). The revisions do not affect the results shown in the update.

Very truly yours,

Enclosure

cc: Division of Consumer Advocacy
Michael L. Brosch, Utilitech, Inc.
Joseph A. Herz, Sawvel & Associates, Inc.
Dr. Kay Davoodi, Department of Defense
Richard W. Carlile, Department of Defense
Ralph Smith, Larkin & Associates

6/30/2008	1,527	1,569	97.32%
7/31/2008	1,530	1,576	97.08%
9/30/2008	1,515	1,576	96.13%
10/31/2008	1,523	1,577	96.58%

However, HECO recognizes that, as of this update, the actual employee count is significantly below the January 2009 test year staffing count of 1,625 and, realistically, it will not be achieved.³ Although HECO is aggressively pursuing filling its vacancies, many of the HCEI positions are “pioneering” positions in renewable energy for Hawaii and may be difficult to fill for lack of experienced candidates. With the exception of the Power Supply (“PS”) process area, work impacted by any shortfall in staffing will likely be temporarily delayed or supported by uncompensated exempt over time. (PS will cover shortfalls by increasing the amount of supplemental labor (e.g., contract services) as they have done in the past.) In recognition of the anticipated difference between the actual and test year staffing levels, HECO proposes an adjustment which decreases the test year average employee count by 27 employees and reduces the test year O&M labor expense by \$1,230,000. Anticipated test year payroll taxes and employee benefits were also reduced by \$102,000 and \$397,000, respectively (see Attachment 6 for the calculation of these test year expense reductions). These test year expense reductions totaling \$1,729,000 are reflected in the results of operations as submitted in the HECO T-23 update.

³ Actual staffing count as of October 31, 2008 is 1,523.

PROPOSAL TO ADJUST REVENUE REQUIREMENT

HECO recognizes the challenges it faces in meeting its test year employment headcount of 1,625 in January 2009 when its year-end 2008 projection is 1,545, a difference of 80. Therefore, based on the methodology described below, HECO is proposing a one-time revenue requirement adjustment of \$1,729,000 for the 2009 test year, including labor expense and adjustments for payroll taxes and employee benefits. This is based on a regression analysis that predicts actual employee headcount.

Description of the Regression Analysis Used

In an attempt to adjust its revenue requirement in a logical and reasonable manner, HECO looked at its employment data and found that, over time, HECO's actual headcount has been steadily approaching its budgeted headcount. Based on this trend, HECO used a time series regression analysis of the percentage of actual to budgeted employee headcount to predict the percentage for the 2009 test year and then to convert this to predicted employee headcount for 2009.¹

For this analysis, HECO used the percentage of actual versus budgeted non-Power Supply ("PS") process area employee headcount over the time period from September 2006 through October 2008.² A nonlinear, natural log function was used as the best fit and implies increasing accuracy over time. (A linear relationship was reviewed but not used as it

¹ For the merits of using regression analysis, see Pindyk, Robert S. and Rubinfeld, Daniel L. 1981, Econometric Models and Economic Forecasts, New York: McGraw-Hill.

² The Company did not consider PS employees in this adjustment as this department covers shortfalls by increasing its supplemental workforce (e.g., contract services). Also, monthly data was not readily available, so the numbering system as shown on page 8 of this attachment was used to indicate the month in the time series.

resulted in a lower R^2 when compared to the nonlinear regression.³⁾ The logarithmic function used is as follows:

$$y = \beta_0 + \beta_1 * \ln(x) \quad \text{where}$$

x (the independent variable) is the time period,

y (the dependent variable) is the percentage of actual versus budgeted non-PS employees, and

β_0 and β_1 are the unknown coefficients.

The time series data used for the dependent and independent variables can be found on page 7 of this attachment.

Using this time series data of budgeted and actual employee headcount, the following regression equation was estimated:

$$y = 0.9183 + 0.0164 * \ln(x)$$

$$R^2 = 0.7794$$

$$t \text{ stat} = 5.6397$$

The statistical results shown above validates that this regression equation is a best fit function and is significant at the 99 percent confidence level.⁴

The resulting regression equation can be interpreted as follows:

- There is a high predictive value in the model, confirming that it is accurate, and as time goes on and additional headcount are budgeted and implemented, the time period estimate gets better.

³ The R^2 statistic measures how well a regression line approximates actual data points. The linear function resulted in an R^2 of .693; the logarithmic function's R^2 improved to .7794.

⁴ The P-value of 0.0003 shown on page 9 of this attachment confirms this.

- The percent of actual to budgeted headcount in the model starts at 92 percent (91.83 percent, which is the constant, β_0) and gets better over time.
- The prediction of the model is that the estimate will improve by 1.64 percent for a unit change in $\ln(x)$ and it is a statistically significant predictor.

The results of the regression analysis are shown on page 8 of this attachment.

Factors Used to Reduce Labor Expenses and Revenue Requirement

Using the regression equation, HECO calculated the estimated percentages of actual versus budgeted for the 2009 test year (see page 9 of this attachment). Using these percentages and the test year update of non-PS employee headcount (from HECO-WP-1501 of the HECO T-15 rate case update) as the budgeted headcount for 2009, HECO derived an estimated headcount for the 2009 test year (see also page 9 of this attachment). A comparison of the average estimated non-PS employees in 2009 (1,111 employees) as developed by the regression equation and the average test year update non-PS employees (1,138 employees) yields a difference of 27 employees, or 2.37 percent. Based on this percent difference, HECO reduced its test year labor expenses, payroll taxes and based on the headcount difference, reduced its test year employee benefits. The results appear on page 5 of this attachment and are explained below.

To reduce labor expenses, HECO applied the 2.37 percent to the test year update non-PS labor expenses of \$51.9 million. This provides an estimated reduction in labor expenses of \$1,230,000 (\$51,874,000 x 2.37 percent). See page 5 of this attachment for a breakdown by block of accounts.

(REVISED 12/17/08)

DATA INPUT:

HISTORICAL EMPLOYMENT HEADCOUNT DATA
(Non-PS employees: includes T&D, Customer Accts., Customer Svc and A&G)

<u>Date</u>	<u>Period (x) *</u>	<u>% Actual / Budgeted (y)</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Difference</u>
9/30/2006	1	91.98%	1032	1122	(90)
12/31/2006	4	92.70%	1041	1123	(82)
3/31/2007	7	95.12%	1033	1086	(53)
6/30/2007	10	97.33%	1058	1087	(29)
9/30/2007	13	96.34%	1053	1093	(40)
12/31/2007	16	96.61%	1056	1093	(37)
3/31/2008	19	96.37%	1063	1103	(40)
6/30/2008	22	97.65%	1079	1105	(26)
7/31/2008	23	96.94%	1078	1112	(34)
9/30/2008	25	95.86%	1066	1112	(46)
10/31/2008	26	96.77%	1077	1113	(36)

* Because quarterly and monthly data was available, the period values were constructed to represent months in the time series.

RATE CASE UPDATE
DOCKET NO. 2008-0083
HECO T-15
ATTACHMENT 6
PAGE 7 OF 9
(REVISED 12/17/08)

(REVISED 12/17/08)

COMPARISON OF EMPLOYEE HEADCOUNT - 2009 TEST YEAR

<u>Date</u>	<u>Period (x)</u>	<u>% Actual / Budgeted (y) ¹</u>	<u>Estimated Headcount ²</u>	<u>Test Year Updates ³</u>	<u>Difference</u>
1/31/2009	29	97.35%	1100	1130	(30)
1/31/2009	29	97.35%	1100	1130	(30)
2/28/2009	30	97.41%	1101	1130	(29)
3/31/2009	31	97.46%	1101	1130	(29)
4/30/2009	32	97.51%	1108	1136	(28)
5/31/2009	33	97.56%	1109	1137	(28)
6/30/2009	34	97.61%	1115	1142	(27)
7/31/2009	35	97.66%	1117	1144	(27)
8/30/2009	36	97.71%	1118	1144	(26)
9/30/2009	37	97.75%	1116	1142	(26)
10/31/2009	38	97.80%	1117	1142	(25)
11/30/2009	39	97.84%	1117	1142	(25)
12/31/2009	40	97.88%	1118	1142	(24)

¹ Derived from the regression equation, $y = 0.0164\ln(x) + 0.9183$.

² Calculated using % actual to budgeted multiplied by 2009 test year non-PSOM employee headcount

³ From HECO-WP-1501 updated (non-PS employees)

13-Mo. AVERAGE	1111	1138	(27)	-2.37%
MIDPOINT	1115	1142	(27)	-2.36%
WTD AVG	1111	1138	(27)	-2.37%

13-MO. AVERAGE TOTAL DIVIDE BY 13
MIDPOINT 6/30/2009

WTD AVG (12 Mo.) SUM OF ESTIMATED MONTH TIMES TEST YEAR MONTH DIVIDE BY TOTAL TEST YEAR

RATE CASE UPDATE
DOCKET NO. 2008-0083
HECO T-15
ATTACHMENT 6
PAGE 9 OF 9
(REVISED 12/17/08)

RATE CASE UPDATE

Ref: Darren Doi, HECO T-18, Rate Base

The following updates were made to HECO T-18 including:

- Rate base;
- Working cash.

Rate Base

The estimated average rate base at proposed rates has been updated and for the test year 2009 is \$1,410,517,000 in support of CIP1 Generating Unit Step Increase (without HCEI Implementation Studies or Sales Forecast Reduction included) as shown on pages 3 and 4 and \$1,260,266,000 in support of the Interim Increase (without CIP1 Generating Unit) and without HCEI Implementation Studies or Sales Forecast Reduction included as shown on pages 7 and 8.

Updated rate base components were provided by the applicable witness and are referenced accordingly. Please refer to the respective witness' update for support and discussion of any updated rate base component. Further, please see the Rate Case Update for HECO T-1 and HECO T-23.

Working Cash

The estimate of working cash has been updated and is \$41,496,000 at present rates, \$40,805,000 at current effective rates and \$39,905,000 at proposed rates for the CIP1 Generating Unit Step Increase (without HCEI Implementation Studies or Sales Forecast Reduction) as shown on pages 14 and 15. It is \$41,347,000 at present rates, \$40,656,000 at current effective rates and \$39,973,000 at proposed rates for the Interim Increase (without CIP1 Generating Unit)

and without HCEI Implementation Studies or Sales Forecast Reduction as shown on pages 16 and 17. The base case updated estimate of working cash is shown on pages 18, 19 and 20.

The working cash estimate changes were due to updates in the annual expense amounts as shown on pages 14 through 20, Column D. Updates to the test year estimates of the expense amounts are provided by the HECO witnesses who present the Company's operating expenses.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Present Rates)
CIP1 Generating Unit at Full Cost for Step Increase
without HCEI Implementation Studies or Sales Forecast Reduction
(\$ in thousands)

Investment in Assets	12/31/2008	12/31/2009	Average for 2009	HECO Reference
<u>Serving Customers</u>				
Net Cost of Plant in Service	1,528,559	1,575,107	1,551,833	1802*
Property Held for Future Use	2,331	2,331	2,331	1705
Fuel Inventory	80,152	85,214	82,683	505
Materials & Supplies Inventories	16,015	16,015	16,015	1803
Unamortized Net SFAS 109				
Regulatory Asset	58,041	63,006	60,524	1606*
Unamortized System Development Costs	4,568	30,719	17,644	1117*
RO Water Pipeline Regulatory Asset	0	6,366	3,183	1121
ARO Regulatory Asset	13	12	13	1804
Working Cash at Current Effective Rates	41,496	41,496	41,496	1806*
Total Investments in Assets	1,731,175	1,820,266	1,775,721	
<u>Funds from Non-Investors</u>				
Unamortized CIAC	180,184	183,327	181,755	1805*
Customer Advances	888	807	848	1707
Customer Deposits	7,907	8,581	8,244	902*
Accumulated Deferred Income				
Taxes	130,002	133,100	131,551	1605*
Unamortized Investment Tax Credit	36,017	37,411	36,714	1604*
Unamortized Gain on Sales	1,364	746	1,055	1120
Pension Regulatory Liability	3,051	2,441	2,746	1124
OPEB Regulatory Liability	777	622	700	1125
Total Deductions	360,190	367,035	363,612	
Average Rate Base at Current Effective Rates			1,412,108	
Change in Working Cash			(1,591)	1806*
Average Rate Base at Proposed Rates			1,410,517	

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective Rates)
CIP1 Generating Unit at Full Cost for Step Increase
without HCEI Implementation Studies or Sales Forecast Reduction
(\$ in thousands)

Investment in Assets	12/31/2008	12/31/2009	Average for 2009	HECO Reference
<u>Serving Customers</u>				
Net Cost of Plant in Service	1,528,559	1,575,107	1,551,833	1802*
Property Held for Future Use	2,331	2,331	2,331	1705
Fuel Inventory	80,152	85,214	82,683	505
Materials & Supplies Inventories	16,015	16,015	16,015	1803
Unamortized Net SFAS 109				
Regulatory Asset	58,041	63,006	60,524	1606*
Unamortized System Development Costs	4,568	30,719	17,644	1117*
RO Water Pipeline Regulatory Asset	0	6,366	3,183	1121
ARO Regulatory Asset	13	12	13	1804
Working Cash at Current Effective Rates	40,805	40,805	40,805	1806(a)*
Total Investments in Assets	1,730,484	1,819,575	1,775,030	
<u>Funds from Non-Investors</u>				
Unamortized CIAC	180,184	183,327	181,755	1805*
Customer Advances	888	807	848	1707
Customer Deposits	7,907	8,581	8,244	902*
Accumulated Deferred Income				
Taxes	130,002	133,100	131,551	1605*
Unamortized Investment Tax Credit	36,017	37,411	36,714	1604*
Unamortized Gain on Sales	1,364	746	1,055	1120
Pension Regulatory Liability	3,051	2,441	2,746	1124
OPEB Regulatory Liability	777	622	700	1125
Total Deductions	360,190	367,035	363,612	
Average Rate Base at Current Effective Rates			1,411,417	
Change in Working Cash			(900)	1806(a)*
Average Rate Base at Proposed Rates			1,410,517	

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Present Rates)
Reconciliation of CIP1 Gen Unit at Full Cost Scenario
(\$ in thousands)

	<u>DIRECT¹</u>		<u>UPDATE⁵</u>	
	CIP1 Gen Unit at Full Cost		CIP1 Gen Unit at Full Cost	HECO
Investment in Assets Serving Customers	Avg. Rate Base for 2009	Change	Avg. Rate Base for 2009	Reference
Net Cost of Plant in Service ²	1,545,465	6,369	1,551,833	1802*
Property Held for Future Use	2,331		2,331	1705
Fuel Inventory	82,683		82,683	505
Materials & Supplies Inventories	16,015		16,015	1803
Unamortized Net SFAS 109 Regulatory Asset	61,310		60,524	1606*
Unamortized System Development Costs	17,452		17,644	1117*
RO Water Pipeline Regulatory Asset	3,183		3,183	1121
ARO Regulatory Asset	13		13	1804
Working Cash at Present Rates ³	41,721	(225)	41,496	1806*
Total Investments in Assets	1,770,172	6,144	1,775,721	
Funds from Non-Investors				
Unamortized CIAC	178,410		181,755	1805*
Customer Advances	848		848	1707
Customer Deposits	7,695		8,244	902*
Accumulated Deferred Income Taxes ⁴	134,600	772	131,551	1605*
Unamortized Investment Tax Credit ⁴	34,571	(5,753)	36,714	1604*
Unamortized Gain on Sales	1,055		1,055	1120
Pension Regulatory Liability	2,746		2,746	1124
OPEB Regulatory Liability	700		700	1125
Total Deductions	360,622	(4,981)	363,612	
Average Rate Base at Present Rates	1,409,549	11,125	1,412,108	
Change in Working Cash ³	(1,569)	(22)	(1,591)	
Average Rate Base at Proposed Rates	1,407,980		1,410,517	

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801 Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 14 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 5.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective)
Reconciliation of CIP1 Gen Unit at Full Cost Scenario
(\$ in thousands)

	<u>DIRECT¹</u>		<u>UPDATE⁵</u>	
	CIP1 Gen Unit at Full Cost		CIP1 Gen Unit at Full Cost	HECO
Investment in Assets	Avg. Rate Base		Avg. Rate Base	Reference
Serving Customers	for 2009	Change	for 2009	
Net Cost of Plant in Service ²	1,545,465	6,369	1,551,833	1802*
Property Held for Future Use	2,331		2,331	1705
Fuel Inventory	82,683		82,683	505
Materials & Supplies Inventories	16,015		16,015	1803
Unamortized Net SFAS 109				
Regulatory Asset	61,310		60,524	1606*
Unamortized System Development Costs	17,452		17,644	1117*
RO Water Pipeline Regulatory Asset	3,183		3,183	1121
ARO Regulatory Asset	13		13	1804
Working Cash at Present Rates ³	41,025	(220)	40,805	1806*
Total Investments in Assets	1,769,475	6,149	1,775,030	
Funds from Non-Investors				
Unamortized CIAC	178,410		181,755	1805*
Customer Advances	848		848	1707
Customer Deposits	7,695		8,244	902*
Accumulated Deferred Income				
Taxes ⁴	134,600	772	131,551	1605*
Unamortized Investment Tax Credit ⁴	34,571	(5,753)	36,714	1604*
Unamortized Gain on Sales	1,055		1,055	1120
Pension Regulatory Liability	2,746		2,746	1124
OPEB Regulatory Liability	700		700	1125
Total Deductions	360,622	(4,981)	363,612	
Average Rate Base at Present Rates	1,408,853	11,130	1,411,417	
Change in Working Cash ³	(872)	(27)	(900)	
Average Rate Base at Proposed Rates	1,407,980		1,410,517	

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(a) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 15 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 2.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Present Rates)
Reconciliation of Interim Increase Scenario
(\$ in thousands)

	<u>DIRECT¹</u>		<u>UPDATE⁵</u>		
	Interim Increase (w/o CIP1)		Interim Increase (w/o CIP1)		
	Avg. Rate Base		Avg. Rate Base		HECO
	for 2009		for 2009		Reference
		Change			
Investment in Assets					
Serving Customers					
Net Cost of Plant in Service ²	1,392,546	3,988	1,396,533		1802*
Property Held for Future Use	2,331		2,331		1705
Fuel Inventory	82,683		82,683		505
Materials & Supplies Inventories	16,015		16,015		1803
Unamortized Net SFAS 109					
Regulatory Asset	61,310		60,524		1606*
Unamortized System Development Costs	17,452		17,644		1117*
RO Water Pipeline Regulatory Asset	3,183		3,183		1121
ARO Regulatory Asset	13		13		1804
Working Cash at Present Rates ³	41,575	(227)	41,347		1806*
Total Investments in Assets	1,617,106	3,760	1,620,273		
Funds from Non-Investors					
Unamortized CIAC	178,410		181,755		1805*
Customer Advances	848		848		1707
Customer Deposits	7,695		8,244		902*
Accumulated Deferred Income					
Taxes ⁴	134,856	772	132,323		1605*
Unamortized Investment Tax Credit ⁴	31,091	(5,753)	30,961		1604*
Unamortized Gain on Sales	1,055		1,055		1120
Pension Regulatory Liability	2,746		2,746		1124
OPEB Regulatory Liability	700		700		1125
Total Deductions	357,399	(4,981)	358,632		
Average Rate Base at Present Rates	1,259,707	8,741	1,261,641		
Change in Working Cash ³	(1,353)	(22)	(1,375)		
Average Rate Base at Proposed Rates	1,258,355		1,260,267		

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(b) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 16 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 6.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective)
Reconciliation of Interim Increase Scenario
(\$ in thousands)

	<u>DIRECT¹</u>		<u>UPDATE⁵</u>		
	Interim Increase (w/o CIP1)		Interim Increase (w/o CIP1)		
Investment in Assets Serving Customers	Avg. Rate Base for 2009	Change	Avg. Rate Base for 2009		HECO Reference
Net Cost of Plant in Service ²	1,392,546	3,988	1,396,533		1802*
Property Held for Future Use	2,331		2,331		1705
Fuel Inventory	82,683	0	82,683		505*
Materials & Supplies Inventories	16,015		16,015		1803
Unamortized Net SFAS 109 Regulatory Asset	61,310		60,524		1606*
Unamortized System Development Costs	17,452		17,644		1117*
RO Water Pipeline Regulatory Asset	3,183		3,183		1121
ARO Regulatory Asset	13		13		1804
Working Cash at Present Rates ³	40,879	(223)	40,656		1806*
Total Investments in Assets	1,616,411	3,765	1,619,582		
Funds from Non-Investors					
Unamortized CIAC	178,410		181,755		1805*
Customer Advances	848		848		1707
Customer Deposits	7,695		8,244		902*
Accumulated Deferred Income Taxes ⁴	134,856	(2,533)	132,323		1605*
Unamortized Investment Tax Credit ⁴	31,091	(130)	30,961		1604*
Unamortized Gain on Sales	1,055		1,055		1120
Pension Regulatory Liability	2,746		2,746		1124
OPEB Regulatory Liability	700		700		1125
Total Deductions	357,399	(2,663)	358,632		
Average Rate Base at Present Rates	1,259,012	6,427	1,260,950		
Change in Working Cash ³	(657)	(26)	(683)		
Average Rate Base at Proposed Rates	1,258,355		1,260,267		

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(c) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See page 17 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 3.

Hawaiian Electric Company, Inc.
2009 Average Rate Base (Current Effective)
Reconciliation of Base Case Scenarios
(\$ in thousands)

	<u>DIRECT¹</u>		<u>UPDATE⁵</u>		<u>UPDATE⁶</u>		<u>UPDATE⁷</u>		
Investment in Assets	Base Case		Base Case		Base Case		Base Case		HECO
Serving Customers	Avg. Rate Base		Avg. Rate Base		Avg. Rate Base		Avg. Rate Base	Reference	
	for 2009	Change	for 2009	Change	for 2009	Change	for 2009		
Net Cost of Plant in Service ²	1,469,005	5,178	1,474,183	-	1,474,183	-	1,474,183	1802*	
Property Held for Future Use	2,331		2,331		2,331		2,331	1705	
Fuel Inventory	82,683	0	82,683	0	82,683	(2,638)	80,045	505*	
Materials & Supplies Inventories	16,015		16,015		16,015		16,015	1803	
Unamortized Net SFAS 109									
Regulatory Asset	61,310		60,524		60,524		60,524	1606*	
Unamortized System Development Costs	17,452		17,644		17,644		17,644	1117*	
RO Water Pipeline Regulatory Asset	3,183		3,183		3,183		3,183	1121	
ARO Regulatory Asset	13		13		13		13	1804	
Working Cash at Present Rates ³	40,971	36	41,007	47	41,055	(1,403)	39,652	1806*	
Total Investments in Assets	1,692,962	5,214	1,697,584	47	1,697,631	(4,041)	1,693,590		
Funds from Non-Investors									
Unamortized CIAC	178,410		181,755		181,755		181,755	1805*	
Customer Advances	848		848		848		848	1707	
Customer Deposits	7,695		8,244		8,244		8,244	902*	
Accumulated Deferred Income									
Taxes ⁴	135,277	(2,606)	132,671	0	132,671	0	132,671	1605*	
Unamortized Investment Tax Credit ⁴	32,831	1,008	33,838	0	33,838	0	33,838	1604*	
Unamortized Gain on Sales	1,055		1,055		1,055		1,055	1120	
Pension Regulatory Liability	2,746		2,746		2,746		2,746	1124	
OPEB Regulatory Liability	700		700		700		700	1125	
Total Deductions	359,560	(1,599)	361,857	0	361,857	0	361,857		
Average Rate Base at Present Rates	1,333,402	6,813	1,335,726		1,335,774		1,331,733		
Change in Working Cash ³	(766)	(27)	(793)	(22)	(815)	(103)	(918)		
Average Rate Base at Proposed Rates	1,332,636		1,334,933		1,334,958		1,330,814		

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update

¹ HECO-1801(c) Direct Testimony.

² See HECO-1703 (Rate Case Update).

³ See pages 18, 19 and 20 in this Rate Case Update.

⁴ See HECO T-16 (Rate Case Update).

⁵ Without HCEI Implementation Studies or Sales Forecast Reduction. See Rate Case Update T-23 Att. 4.

⁶ With HCEI Implementation Studies and without Sales Forecast Reduction. See Rate Case Update T-23 Att. 7.

⁷ With HCEI Implementation Studies and with Sales Forecast Reduction. See Rate Case Update T-23 Att. 8.

Hawaiian Electric Company, Inc.
Net Cost of Plant in Service
CIP1 Generating Unit at Full Cost for Step Increase
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum. Depreciation, Removal Reg. Liability, Acc. Retirement Oblig.</u>	<u>Net Plant In Service</u>	<u>HECO Reference</u>
Recorded Balances - 12/31/07	2,529,629	(1,174,518)	1,355,111	
ESTIMATED CHANGES in 2008:				
Net Plant Additions	103,523		103,523	1701*
Cost of Removal		6,548	6,548	1409*
Salvage		(260)	(260)	1409
Depreciation Accrual		(91,663)	(91,663)	1408
Retirements ¹	(17,215)	17,215	0	1409*
Estimated Balances - 12/31/08	<u>2,615,937</u>	<u>(1,242,678)</u>	<u>1,373,259</u>	
Full Cost - CIP1 Gen Unit	155,300		155,300	1703*
Estimated Balances - 1/1/09	2,771,237	(1,242,678)	1,528,559	
ESTIMATED CHANGES in 2009:				
Net Plant Additions	133,034		133,034	1701*
Cost of Removal		6,770	6,770	1409*
Salvage		(277)	(277)	1409*
Depreciation Accrual		(92,979)	(92,979)	1408*
Retirements ¹	(16,063)	16,063	0	1409*
Estimated Balances - 12/31/09	<u>2,888,208</u>	<u>(1,313,101)</u>	<u>1,575,107</u>	
AVERAGE 2009 BALANCE			<u><u>1,551,833</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Original cost of estimated retirements for the respective year.

* Per Rate Case Update.

Hawaiian Electric Company, Inc.
Net Cost of Plant in Service
Interim Increase (w/o CIP1 Generating Unit)
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum. Depreciation, Removal Reg. Liability, Acc. Retirement Oblig.</u>	<u>Net Plant In Service</u>	<u>HECO Reference</u>
Recorded Balances - 12/31/07	2,529,629	(1,174,518)	1,355,111	
ESTIMATED CHANGES in 2008:				
Net Plant Additions	103,523		103,523	1701*
Cost of Removal		6,548	6,548	1409*
Salvage		(260)	(260)	1409
Depreciation Accrual		(91,663)	(91,663)	1408
Retirements ¹	(17,215)	17,215	0	1409*
Estimated Balances - 12/31/08	<u>2,615,937</u>	<u>(1,242,678)</u>	<u>1,373,259</u>	
ESTIMATED CHANGES in 2009:				
Net Plant Additions	133,034		133,034	1701*
Cost of Removal		6,770	6,770	1409*
Salvage		(277)	(277)	1409*
Depreciation Accrual		(92,979)	(92,979)	1408*
Retirements ¹	(16,063)	16,063	0	1409*
Estimated Balances - 12/31/09	<u>2,732,908</u>	<u>(1,313,101)</u>	<u>1,419,807</u>	
AVERAGE 2009 BALANCE			<u><u>1,396,533</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Original cost of estimated retirements for the respective year.

* Per Rate Case Update.

Hawaiian Electric Company, Inc.
Net Cost of Plant in Service
Base Case
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum. Depreciation, Removal Reg. Liability, Acc. Retirement Oblig.</u>	<u>Net Plant In Service</u>	<u>HECO Reference</u>
Recorded Balances - 12/31/07	2,529,629	(1,174,518)	1,355,111	
ESTIMATED CHANGES in 2008:				
Net Plant Additions	103,523		103,523	1701*
Cost of Removal		6,548	6,548	1409*
Salvage		(260)	(260)	1409
Depreciation Accrual		(91,663)	(91,663)	1408
Retirements ¹	(17,215)	17,215	0	1409*
Estimated Balances - 12/31/08	2,615,937	(1,242,678)	1,373,259	
ESTIMATED CHANGES in 2009:				
Net Plant Additions	288,334		288,334	1701*
Cost of Removal		6,770	6,770	1409*
Salvage		(277)	(277)	1409*
Depreciation Accrual		(92,979)	(92,979)	1408*
Retirements ¹	(16,063)	16,063	0	1409*
Estimated Balances - 12/31/09	2,888,208	(1,313,101)	1,575,107	
AVERAGE 2009 BALANCE			<u><u>1,474,183</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Original cost of estimated retirements for the respective year.

* Per Rate Case Update.

Hawaiian Electric Company, Inc.
Unamortized Contributions In Aid of Construction
(\$ in thousands)

		<u>HECO Reference</u>
RECORDED BALANCES - 12/31/07	176,425	
ESTIMATED CHANGES in 2008:		
Cash Receipts	8,945	1706*
In-Kind Receipts	3,805	1706*
Transfer from Advances	19	1706
Amortization	<u>(9,009)</u>	1408*
ESTIMATED BALANCE - 12/31/08	180,184	
ESTIMATED CHANGES in 2009:		
Cash Receipts	8,460	1706*
In-Kind Receipts	3,998	1706*
Transfer from Advances	67	1706
Amortization	<u>(9,383)</u>	1408*
ESTIMATED BALANCE - 12/31/09	183,327	
AVERAGE 2009 BALANCE	<u><u>181,755</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Per Rate Case Update.

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Present Rate)
CIP1 GENERATING UNIT AT FULL COST FOR STEP INCREASE
without HCEI Implementation Studies or Sales Forecast Reduction
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	Payment Lag Workpaper Reference	(B) Payment Lag (Days)	(C) Net Collection Lag (Days) (A) - (B)	Annual Amount Workpaper Reference	(D) Annual Amount	(E) Average Daily Amount - Present (D) / 365	(F) Working Cash Required (Provided) under Present Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806				Rate Case Update T-23 Att. 5				
ITEMS REQUIRING WORKING CASH:										
Fuel Purchases	37	p. 1	17	20	p. 4	809,058	2,217	44,332	2,217	44,332
O&M Labor	37	p. 8	11	26	p. 4	101,730	279	7,247	279	7,247
O&M Nonlabor	37	p. 32	30	7	p. 4	128,292	351	2,460	351	2,460
ITEMS PROVIDING WORKING CASH:										
Purchased Power	37	p. 38	37	0	p. 4	477,055	1,307	0	1,307	0
Revenue Taxes - Present Rates	37	p. 44	66	(29)	p. 4	158,762	435	(12,614)		
Revenue Taxes - Proposed Rates	37	p. 44	66	(29)	p. 6	174,463			478	(13,861)
Income Taxes - Present Rates	37	p. 47	39	(2)	p. 4	(12,922)	(35)	71		
Income Taxes - Proposed Rates	37	p. 47	39	(2)	p. 4	49,748			136	(273)
Total WORKING CASH								<u>41,496</u>		<u>39,905</u>
Change in WORKING CASH										<u>(1,591)</u>

NOTE: Totals may not add exactly due to rounding.

RATE CASE UPDATE
DOCKET NO. 2008-0083
HECO T-18
PAGE 14 OF 23

HECO-1806
DOCKET NO. 2008-0083
PAGE 1 OF 1

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Current Effective Rates)
CIP1 GENERATING UNIT AT FULL COST FOR STEP INCREASE
without HCEI Implementation Studies or Sales Forecast Reduction
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	(B) Payment Lag Workpaper Reference	(C) Net Collection Lag (Days) (A) - (B)	(D) Annual Amount Workpaper Reference	(E) Average Daily Amount - Effective (D) / 365	(F) Working Cash Required (Provided) under Effective Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806		Rate Case Update T-23 Att. 2				
ITEMS REQUIRING WORKING CASH:								
Fuel Purchases	37	p. 1	17	20 p. 4	809,058	2,217	44,332	2,217 44,332
O&M Labor	37	p. 8	11	26 p. 4	101,730	279	7,247	279 7,247
O&M Nonlabor	37	p. 32	30	7 p. 4	128,292	351	2,460	351 2,460
ITEMS PROVIDING WORKING CASH:								
Purchased Power	37	p. 38	37	0 p. 4	477,055	1,307	0	1,307 0
Revenue Taxes - Effective Rates	37	p. 44	66	(29) p. 4	165,583	454	(13,156)	
Revenue Taxes - Proposed Rates	37	p. 44	66	(29) p. 6	174,462		478	(13,861)
Income Taxes - Effective Rates	37	p. 47	39	(2) p. 4	14,307	39	(78)	
Income Taxes - Proposed Rates	37	p. 47	39	(2) p. 4	49,748		136	(273)
Total WORKING CASH						<u>40,805</u>	<u>39,905</u>	
Change in WORKING CASH							<u>(900)</u>	

NOTE: Totals may not add exactly due to rounding.

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Present Rate)
INTERIM INCREASE (W/O CIP1 GENERATING UNIT)
without HCEI Implementation Studies or Sales Forecast Reduction
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	Payment Lag Workpaper Reference	(B) Payment Lag (Days)	(C) Net Collection Lag (Days) (A) - (B)	Annual Amount Workpaper Reference	(D) Annual Amount	(E) Average Daily Amount - Present (D) / 365	(F) Working Cash Required (Provided) under Present Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806			Rate Case Update T-23 Att. 6				-	
ITEMS REQUIRING WORKING CASH:										
Fuel Purchases	37	p. 1	17	20	p. 4	809,058	2,217	44,332	2,217	44,332
O&M Labor	37	p. 8	11	26	p. 4	100,547	275	7,162	275	7,162
O&M Nonlabor	37	p. 32	30	7	p. 4	126,567	347	2,427	347	2,427
ITEMS PROVIDING WORKING CASH:										
Purchased Power	37	p. 38	37	0	p. 4	477,055	1,307	0	1,307	0
Revenue Taxes - Present Rates	37	p. 44	66	(29)	p. 4	158,762	435	(12,614)		
Revenue Taxes - Proposed Rates	37	p. 44	66	(29)	p. 6	172,328			472	(13,692)
Income Taxes - Present Rates	37	p. 47	39	(2)	p. 4	(7,220)	(20)	40		
Income Taxes - Proposed Rates	37	p. 47	39	(2)	p. 4	46,930			129	(257)
Total WORKING CASH							<u>41,347</u>		<u>39,973</u>	
Change in WORKING CASH									<u>(1,375)</u>	

NOTE: Totals may not add exactly due to rounding.

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Current Effective Rates)
INTERIM INCREASE
without HCEI Implementation Studies or Sales Forecast Reduction
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	(B) Payment Lag Workpaper Reference	(C) Net Collection Lag (Days) (A) - (B)	(D) Annual Amount Workpaper Reference	(E) Average Daily Amount - Effective (D) / 365	(F) Working Cash Required (Provided) under Effective Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806		Rate Case Update T-23 Att. 3				
ITEMS REQUIRING WORKING CASH:								
Fuel Purchases	37	p. 1	17	20 p. 4	809,058	2,217	44,332	2,217 44,332
O&M Labor	37	p. 8	11	26 p. 4	100,547	275	7,162	275 7,162
O&M Nonlabor	37	p. 32	30	7 p. 4	126,567	347	2,427	347 2,427
ITEMS PROVIDING WORKING CASH:								
Purchased Power	37	p. 38	37	0 p. 4	477,055	1,307	0	1,307 0
Revenue Taxes - Effective Rates	37	p. 44	66	(29) p. 4	165,583	454	(13,156)	
Revenue Taxes - Proposed Rates	37	p. 44	66	(29) p. 6	172,328		472	(13,692)
Income Taxes - Effective Rates	37	p. 47	39	(2) p. 4	20,009	55	(110)	
Income Taxes - Proposed Rates	37	p. 47	39	(2) p. 4	46,929		129	(257)
Total WORKING CASH						<u>40,656</u>	<u>39,973</u>	
Change in WORKING CASH							<u>(683)</u>	

NOTE: Totals may not add exactly due to rounding.

RATE CASE UPDATE
 DOCKET NO. 2008-0083
 HECO T-18
 PAGE 17 OF 23
 HECO-1806(c)
 DOCKET NO. 2008-0083
 PAGE 1 OF 1

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Current Effective Rates)

BASE CASE

without HCEI Implementation Studies or Sales Forecast Reduction

(\$ in thousands)

	(A) Revenue Collection Lag (Days)	(B) Payment Lag Workpaper Reference	(C) Net Collection Lag (Days)	(D) Annual Amount Workpaper Reference	(E) Average Daily Amount - Effective (D) / 365	(F) Working Cash Required (Provided) under Effective Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806	(A) - (B)	Rate Case Update T-23 Att. 4				
ITEMS REQUIRING WORKING CASH:								
Fuel Purchases	37	p. 1	17	20 p. 4	809,058	2,217	44,332	44,332
O&M Labor	37	p. 8	11	26 p. 4	101,099	277	277	7,202
O&M Nonlabor	37	p. 32	30	7 p. 4	140,586	385	2,696	2,696
ITEMS PROVIDING WORKING CASH:								
Purchased Power	37	p. 38	37	0 p. 4	477,055	1,307	0	0
Revenue Taxes - Effective Rates	37	p. 44	66	(29) p. 4	165,583	454	(13,156)	
Revenue Taxes - Proposed Rates	37	p. 44	66	(29) p. 6	173,413		475	(13,778)
Income Taxes - Effective Rates	37	p. 47	39	(2) p. 4	12,142	33	(67)	
Income Taxes - Proposed Rates	37	p. 47	39	(2) p. 4	43,395		119	(238)
Total WORKING CASH						<u>41,007</u>	<u>40,214</u>	
Change in WORKING CASH							<u>(793)</u>	

NOTE: Totals may not add exactly due to rounding.

RATE CASE UPDATE
DOCKET NO. 2008-0083
HECO T-18
PAGE 18 OF 23

HECO-1806(c)
DOCKET NO. 2008-0083
PAGE 1 OF 1

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Current Effective Rates)

BASE CASE
with HCEI Implementation Studies and without Sales Forecast Reduction
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	(B) Payment Lag Workpaper Reference	(C) Net Collection Lag (Days) (A) - (B)		(D) Annual Amount Workpaper Reference	(E) Average Daily Amount - Effective (D) / 365	(F) Working Cash Required (Provided) under Effective Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806		Rate Case Update T-23 Att. 7					
ITEMS REQUIRING WORKING CASH:									
Fuel Purchases	37	p. 1	17	20	p. 4	809,058	2,217	44,332	44,332
O&M Labor	37	p. 8	11	26	p. 4	101,099	277	7,202	7,202
O&M Nonlabor	37	p. 32	30	7	p. 4	142,806	391	2,739	2,739
ITEMS PROVIDING WORKING CASH:									
Purchased Power	37	p. 38	37	0	p. 4	477,055	1,307	0	0
Revenue Taxes - Effective Rates	37	p. 44	66	(29)	p. 4	165,583	454	(13,156)	
Revenue Taxes - Proposed Rates	37	p. 44	66	(29)	p. 6	173,630		476	(13,795)
Income Taxes - Effective Rates	37	p. 47	39	(2)	p. 4	11,284	31	(62)	
Income Taxes - Proposed Rates	37	p. 47	39	(2)	p. 4	43,405		119	(238)
Total WORKING CASH							<u>41,055</u>	<u>40,239</u>	
Change in WORKING CASH								<u>(815)</u>	

NOTE: Totals may not add exactly due to rounding.

Hawaiian Electric Company, Inc.
WORKING CASH ITEMS, 2009 (Current Effective Rates)
BASE CASE
with HCEI Implementation Studies and Sales Forecast Reduction
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	Payment Lag Workpaper Reference	(B) Payment Lag (Days)	(C) Net Collection Lag (Days) (A) - (B)	Annual Amount Workpaper Reference	(D) Annual Amount	(E) Average Daily Amount - Effective (D) / 365	(F) Working Cash Required (Provided) under Effective Rates (C) x (E)	(G) Average Daily Amount - Proposed (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per HECO T-9	HECO WP-1806			Rate Case Update T-23 Att. 8					
ITEMS REQUIRING WORKING CASH:										
Fuel Purchases	37	p. 1	17	20	p. 4	776,579	2,128	42,552	2,128	42,552
O&M Labor	37	p. 8	11	26	p. 4	101,099	277	7,202	277	7,202
O&M Nonlabor	37	p. 32	30	7	p. 4	142,621	391	2,735	391	2,735
ITEMS PROVIDING WORKING CASH:										
Purchased Power	37	p. 38	37	0	p. 4	474,819	1,301	0	1,301	0
Revenue Taxes - Effective Rates	37	p. 44	66	(29)	p. 4	161,099	441	(12,800)		
Revenue Taxes - Proposed Rates	37	p. 44	66	(29)	p. 6	170,163			466	(13,520)
Income Taxes - Effective Rates	37	p. 47	39	(2)	p. 4	6,912	19	(38)		
Income Taxes - Proposed Rates	37	p. 47	39	(2)	p. 4	43,095			118	(236)
Total WORKING CASH								<u>39,652</u>		<u>38,733</u>
Change in WORKING CASH										<u>(918)</u>

NOTE: Totals may not add exactly due to rounding.

Hawaiian Electric Company, Inc.
Net Cost of Plant in Service
CIP1 Generating Unit at Full Cost for Step Increase
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum Deprec</u>	<u>Removal Reg Liability</u>	<u>Acc. Retire. Obligation</u>	<u>Net Plant In Service</u>	<u>HECO Reference</u>
Recorded Balances - 12/31/07	2,529,629	(995,190)	(179,249)	(79)	1,355,111	
ESTIMATED CHANGES in 2008:						
Net Plant Additions	103,523				103,523	1701*
Cost of Removal			6,548		6,548	1409*
Salvage			(260)		(260)	1409
Depreciation Accrual		(91,663)			(91,663)	1408
Deprec Accrual Reclass related to Cost of Removal ¹		24,398	(24,398)		0	WP-1404
Accretion of ARO			5	(5)	0	
ARO Retirements			(1)	1	0	
Retirements ²	(17,215)	17,215			0	1409*
Estimated Balances - 12/31/08	2,615,937	(1,045,240)	(197,355)	(83)	1,373,259	
Annualized Plant Add - 1/1/09	155,300				155,300	1703*
Estimated Balances - 1/1/09	2,771,237	(1,045,240)	(197,355)	(83)	1,528,559	
ESTIMATED CHANGES in 2009:						
Net Plant Additions	133,034				133,034	1701*
Cost of Removal			6,770		6,770	1409*
Salvage			(277)		(277)	1409*
Depreciation Accrual		(92,979)			(92,979)	1408*
Deprec Accrual Reclass related to Cost of Removal ¹		25,165	(25,165)		0	WP-1404*
Accretion of ARO			5	(5)	0	
ARO Retirements			(1)	1	0	
Retirements ²	(16,063)	16,063			0	1409*
Estimated Balances - 12/31/09	2,888,208	(1,096,991)	(216,023)	(87)	1,575,107	
AVERAGE 2009 BALANCE					<u>1,551,833</u>	

NOTE: Totals may not add exactly due to rounding.

¹ Represents the amount of removal costs that has been included in the depreciation expense that will be reclassified as a liability for financial statement purposes.

² Original cost of estimated retirements for the respective year.

* Per Rate Case Update.

Hawaiian Electric Company, Inc.
Net Cost of Plant in Service
Interim Increase (w/o CIP1 Generating Unit)
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum Deprec</u>	<u>Removal Reg Liability</u>	<u>Acc. Retire. Obligation</u>	<u>Net Plant In Service</u>	<u>HECO Reference</u>
Recorded Balances - 12/31/07	2,529,629	(995,190)	(179,249)	(79)	1,355,111	
ESTIMATED CHANGES in 2008:						
Net Plant Additions	103,523				103,523	1701*
Cost of Removal			6,548		6,548	1409*
Salvage			(260)		(260)	1409
Depreciation Accrual		(91,663)			(91,663)	1408
Deprec Accrual Reclass related to Cost of Removal ¹		24,398	(24,398)		0	WP-1404
Accretion of ARO			5	(5)	0	
ARO Retirements			(1)	1	0	
Retirements ²	(17,215)	17,215			0	1409*
Estimated Balances - 12/31/08	2,615,937	(1,045,240)	(197,355)	(83)	1,373,259	
ESTIMATED CHANGES in 2009:						
Net Plant Additions	133,034				133,034	1701*
Cost of Removal			6,770		6,770	1409*
Salvage			(277)		(277)	1409*
Depreciation Accrual		(92,979)			(92,979)	1408*
Deprec Accrual Reclass related to Cost of Removal ¹		25,165	(25,165)		0	WP-1404*
Accretion of ARO			5	(5)	0	
ARO Retirements			(1)	1	0	
Retirements ²	(16,063)	16,063			0	1409*
Estimated Balances - 12/31/09	2,732,908	(1,096,991)	(216,023)	(87)	1,419,807	
AVERAGE 2009 BALANCE					<u>1,396,533</u>	

NOTE: Totals may not add exactly due to rounding.

¹ Represents the amount of removal costs that has been included in the depreciation expense that will be reclassified as a liability for financial statement purposes.

² Original cost of estimated retirements for the respective year.

* Per Rate Case Update.

Hawaiian Electric Company, Inc.
Net Cost of Plant in Service
Base Case
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum Deprec</u>	<u>Removal Reg Liability</u>	<u>Acc. Retire. Obligation</u>	<u>Net Plant In Service</u>	<u>HECO Reference</u>
Recorded Balances - 12/31/07	2,529,629	(995,190)	(179,249)	(79)	1,355,111	
ESTIMATED CHANGES in 2008:						
Net Plant Additions	103,523				103,523	1701*
Cost of Removal			6,548		6,548	1409*
Salvage			(260)		(260)	1409
Depreciation Accrual		(91,663)			(91,663)	1408
Deprec Accrual Reclass related to Cost of Removal ¹		24,398	(24,398)		0	WP-1404*
Accretion of ARO			5	(5)	0	
ARO Retirements			(1)	1	0	
Retirements ²	(17,215)	17,215			0	1409*
Estimated Balances - 12/31/08	2,615,937	(1,045,240)	(197,355)	(83)	1,373,259	
ESTIMATED CHANGES in 2009:						
Net Plant Additions	288,334				288,334	1701*
Cost of Removal			6,770		6,770	1409*
Salvage			(277)		(277)	1409*
Depreciation Accrual		(92,979)			(92,979)	1408*
Deprec Accrual Reclass related to Cost of Removal ¹		25,165	(25,165)		0	WP-1404*
Accretion of ARO			5	(5)	0	
ARO Retirements			(1)	1	0	
Retirements ²	(16,063)	16,063			0	1409*
Estimated Balances - 12/31/09	2,888,208	(1,096,991)	(216,023)	(87)	1,575,107	
AVERAGE 2009 BALANCE					<u>1,474,183</u>	

NOTE: Totals may not add exactly due to rounding.

¹ Represents the amount of removal costs that has been included in the depreciation expense that will be reclassified as a liability for financial statement purposes.

² Original cost of estimated retirements for the respective year.

* Per Rate Case Update.